

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03  
/034 R

DRAFTED BY EB/AN:AJRIMAS:WARILEY:VLV  
APPROVED BY EB/AN:RABROWN  
CAB - FMURPHY  
EUR/SE - NPAZDRAL

-----180152Z 049241 /15

R 171935Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY NICOSIA

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E.O. 11652: N/A

TAGS: EAIR, CY

SUBJECT: GOC REQUEST FOR CYPRUS AIRWAYS TO OPERATE BETWEEN  
CYPRUS AND NEW YORK

REF: NICOSIA 1236

1. DEPT AND CAB STAFF STRONGLY WISH TO DISCOURAGE GOC  
INTEREST IN OPERATING CYPRUS AIRWAYS INTO U.S. IN VIEW OF  
CURRENT SERIOUS OVER-CAPACITY PROBLEMS, THERE IS NO  
ECONOMIC JUSTIFICATION FOR INCREASING AT THIS TIME THE  
NUMBER OF AIRLINES CROSSING THE NORTH ATLANTIC. ALSO,  
SINCE US AIRLINES DO NOT OPERATE SCHEDULED SERVICES TO  
CYPRUS, THERE IS NO BASIS FOR GRANTING CYPRUS A ROUTE TO  
NEW YORK ON BASIS OF COMITY AND RECIPROCITY. DEPT BELIEVES  
THAT REQUIREMENTS OF TRAVELING PUBLIC ARE ADEQUATELY SERVED  
WITHOUT NEED FOR PROPOSED CYPRUS AIRWAYS SERVICE.

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2. EMBASSY SHOULD RESPOND TO GOC NOTE ALONG FOLLOWING  
LINES:

QUOTE. ... HONOR TO REFER TO THE NOTE VERBALE NO. 454/77  
DATED MAY 6, 1977 FROM THE MINISTRY OF FOREIGN AFFAIRS  
REQUESTING PERMISSION FOR CYPRUS AIRWAYS TO OPERATE BETWEEN

LARNACA AND NEW YORK STARTING ON JUNE 27, 1977.

THE EMBASSY OF THE UNITED STATES WISHES TO INFORM THE MINISTRY OF FOREIGN AFFAIRS THAT THE OPERATION OF SCHEDULED FLIGHTS BY FOREIGN AIRLINES INTO THE UNITED STATES IS GOVERNED BY THE PROVISIONS OF SECTION 402 OF THE FEDERAL AVIATION ACT OF 1958. THIS PROVISION REQUIRES FOREIGN AIRLINES TO APPLY TO THE UNITED STATES CIVIL AERONAUTICS BOARD FOR A FOREIGN AIR CARRIER PERMIT. NO FOREIGN AIRLINE MAY OPERATE SCHEDULED SERVICES INTO THE UNITED STATES, REGARDLESS OF THE EXISTENCE OF A BILATERAL AIR TRANSPORT AGREEMENT, WITHOUT THE PRIOR ISSUANCE OF A FOREIGN AIR CARRIER PERMIT. APPLICATIONS ARE TO BE PREPARED BY THE APPLICANT AIRLINE IN THE REQUIRED FORMAT AND TRANSMITTED THROUGH DIPLOMATIC CHANNELS. IN THE ABSENCE OF A BILATERAL AIR TRANSPORT AGREEMENT BETWEEN THE UNITED STATES AND THE COUNTRY OF THE AIRLINE IN QUESTION, THE APPROVAL OF SUCH APPLICATIONS IS GENERALLY BASED ON THE PRINCIPLES OF COMITY AND RECIPROCITY, USUALLY IN CASES WHERE US AIRLINES EXERCISE TRAFFIC PRIVILEGES IN THE RESPECTIVE FOREIGN COUNTRY.

IT IS THE VIEW OF THE UNITED STATES GOVERNMENT THAT BILATERAL AIR TRANSPORT AGREEMENTS, SUCH AS THE REPUBLIC OF CYPRUS WISHES TO CONCLUDE WITH THE UNITED STATES, CONSTITUTE AN APPROPRIATE FRAMEWORK TO GOVERN BILATERAL CIVIL AVIATION RELATIONS. HOWEVER, IT IS ESSENTIAL THAT THE CITY PAIRS SERVED IN THE RESPECTIVE COUNTRIES SHOULD CONSTITUTE COMMERCIALLY VIABLE AVIATION MARKETS, HAVING IN MIND THE CURRENT AIR TRAVEL MARKET CONDITIONS AND AVAILABILITY OF LIMITED OFFICIAL USE

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SERVICE OVER THE ROUTES IN QUESTION. ACCORDINGLY, UNLESS ALL CONCERNED PARTIES PERCEIVE THAT THE TRAFFIC POTENTIAL IN A GIVEN INTERNATIONAL MARKET WARRANTS THE ESTABLISHMENT OF SCHEDULED AIRLINE SERVICE, IT WOULD APPEAR THAT THE CONCLUSION OF AN AIR TRANSPORT AGREEMENT WOULD BE PREMATURE. (COMPLIMENTARY CLOSE.) END QUOTE.

3. EMBASSY MAY SUPPLEMENT THE NOTE BY EXPLAINING TO APPROPRIATE GOC OFFICIALS THAT IF THEY WISH TO HAVE CYPRUS AIRWAYS LTD APPLY TO CAB FOR A US FOREIGN AIR CARRIER PERMIT, THEY MAY DO SO. IT WOULD BE ADVISABLE FOR AIRLINE TO OBTAIN SERVICES OF WASHINGTON AVIATION ATTORNEY TO PREPARE APPLICATION, WHICH COULD THEN BE SUBMITTED THROUGH CYPRUS EMBASSY/WASHINGTON TO DEPARTMENT FOR FORWARDING TO CAB. CAB PROCEEDINGS ARE QUASI-JUDICIAL, INVOLVING PUBLIC EVIDENTIARY HEARINGS; THEY ARE USUALLY LENGTHY AND TIME-CONSUMING, ONCE SCHEDULED. INTENT OF HEARINGS IS TO DETERMINE (1) FITNESS AND ABILITY OF AIRLINE, (2) WHETHER ITS OWNERSHIP AND CONTROL RESTS WITH NATIONALS OF CYPRUS,

AND (3) WHETHER BASIS EXISTS FOR PROPOSED SERVICE. LAST QUESTION, WHICH RELATES TO ECONOMICS OF INTRODUCING NEW SERVICE ON ALREADY-CROWDED NORTH ATLANTIC, IS ALMOST

CERTAIN TO RESULT IN NEGATIVE DECISION IF CYPRUS AIRWAYS WERE TO GO TO TROUBLE AND EXPENSE OF PURSUING MATTER THAT FAR. EVENTUAL DECISION OF CAB WOULD BE SUBJECT TO PRESIDENTIAL APPROVAL. ONCE ALL THESE STEPS ARE CONCLUDED, A SUCCESSFUL AIRLINE WOULD THEN HAVE TO APPLY TO US FAA FOR APPROVAL OF DETAILED OPERATING SPECIFICATIONS, AS WELL AS TO PORT OF NEW YORK AUTHORITY. CHRISTOPHER

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009